

# **Validation of Property Book and Unit Supply Enhanced System, Version 3.4.1**

**25 March 2003  
Audit Report: A-2003-0140-FFG**



**U.S. Army Audit Agency**





**DEPARTMENT OF THE ARMY**  
**U.S. ARMY AUDIT AGENCY**  
**Office of the Deputy Auditor General**  
**Forces and Financial Management**  
**3101 Park Center Drive**  
**Alexandria, VA 22302-1596**

25 March 2003

Deputy Assistant Secretary of The Army for Financial  
Operations, (ATTN: SAFM-FOI)  
Project Manager, Global Combat Support System-Army, Fort Lee,  
Virginia (ATTN: DALO-SMZ-A)

This is our validation report on the compliance of the Property Book and Unit Supply Enhanced (PBUSE) System, Version 3.4.1, with the Federal Financial Management Improvement Act of 1996. This audit was conducted as part of the U.S. Army Audit Agency's review and validation of The Army's implementation of the DOD Financial and Feeder System Compliance Process.

We found that the Property Book and Unit Supply Enhanced (PBUSE) System, Version 3.4.1, was in compliance with the Federal Financial Management Improvement Act of 1996. Therefore, we validated the Project Manager's statement of compliance based on our review of the test results.

I appreciate the courtesies and cooperation extended to us during the audit.

FOR THE DEPUTY AUDITOR GENERAL:

A handwritten signature in black ink, reading "Anita F. Bales", is positioned above the printed name.

ANITA F. BALES  
Program Director  
Financial Operations

*For more information about this audit, please call the Financial Operations Audits Division at (703) 681-9766. For extra copies of this report, please call (703) 681-9863.*

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Were the financial functional requirements promulgated in the Joint Financial Management Improvement Program (the Improvement Program) and A Guide to Federal Requirements for Financial Management Systems (the Blue Book) documents operating in the Property Book and Unit Supply Enhanced (PBUSE) System, Version 3.4.1? Also, was the Property Book and Unit Supply Enhanced System compliant with requirements of the Federal Financial Management Improvement Act of 1996?

*Yes. All financial functional requirements were operating in the latest version 3.4.1, of the Property Book and Unit Supply Enhanced System. The system was compliant with the Federal Financial Management Improvement Act of 1996.*

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## **OBJECTIVE AND CONCLUSIONS**

# **COMPLIANCE VALIDATION**

## **OBJECTIVE**

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Were the financial functional requirements promulgated in the Joint Financial Management Improvement Program (the Improvement Program) and A Guide to Federal Requirements for Financial Management Systems (the Blue Book) documents operating in the Property Book and Unit Supply Enhanced (PBUSE) System, Version 3.4.1? Also, was the Property Book and Unit Supply Enhanced System compliant with requirements of the Federal Financial Management Improvement Act of 1996?

## **CONCLUSION**

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Yes. All financial functional requirements were operating in the latest version 3.4.1, of the Property Book and Unit Supply Enhanced System. The system was compliant with the Federal Financial Management Improvement Act of 1996. Therefore, we validate the Project Manager's statement to the Office of the Assistant Secretary of The Army for Financial Management and Comptroller (Annex B) that the software is substantially compliant with the Federal Financial Management Improvement Act.

## **BACKGROUND**

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In June 2001, Army Audit Agency issued Audit Report: AA 01-356 and concluded that there were 75 financial functional requirements applicable to the Property Book and Unit Supply Enhanced System. The requirements for the system were extracted from the property, plant, and equipment section of the Improvement Program and the Blue Book.

The Property Book and Unit Supply Enhanced System developers conducted an internal formal test of the software's functionality in July 2001, testing whether it complied with the requirements of the Blue Book and the Improvement Program. The internal test demonstrated functionality and operational capacity to the joint application

development team, the Project Manager, and auditors. The system was further tested during software qualification tests conducted in August and December 2001.

In these tests and the subsequent independent government test, subject matter experts unfamiliar with the software conducted the tests on the system under the supervision of an independent testing contractor. The subject matter experts executed preplanned scenarios on a test database to ensure the functionality of the software.

In March, the project manager moved the module to the software acceptance test phase, selecting 10 test units for a limited software deployment. These units, located at Camp Mabry and Fort Hood, Texas, began using the new software as their property book of record based on the success of the test.

In May 2002, we issued Audit Report: A-2002-0352-FFG based on the software qualification and software acceptance tests; we concluded that a majority of the financial functional requirements were operating. We found that testers did not fully document the results of test scripts, rather they simply stated whether a financial functional requirement passed or not. We suggested that sufficient evidence be gathered and retained to illustrate that the system functioned properly during testing. We also requested further testing by the Project Manager and testing contractor to validate previously excluded requirements. The Project Manager subsequently provided the additional results from which we concluded that all requirements had been tested and were operating in the module. We issued Memorandum Report: A-2002-0485-FFG as a followup.

## **DISCUSSION**

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In this section we discuss:

- Test environment.
- Test results.

### **Test Environment**

EER Systems, an independent contractor not affiliated with the software development effort, was again responsible for monitoring the software

tests as well as maintaining the integrity and security of the testing environment. Development team personnel were not allowed into the test lab without escorts to prevent influencing or instructing the testers. Identification badges were also issued for access to the test lab, eliminating unauthorized visitors and providing more control for the test administrator.

The testers were generally chief warrant officers who served as property book officers in separate major Army commands and who were independent of the development process. The testers executed test scenarios using the current version 3.4.1, of the software and test scenarios.

We found the test environment secure and well controlled. The responsibility for the tests and results of the tests remained outside the control of the Project Manager and the developer. We found this led to appropriate independence to the conclusions drawn from the test results.

## **Test Results**

The Project Manager's successful completion of testing on the property book replacement portion of Property Book and Unit Supply Enhanced System allowed the manager to add functionality to the system for the replacement of the legacy system, Unit Level Logistics Supply System, in the latest version 3.4.1. This additional operational functionality did not add to the financial capabilities or requirements of the system rather it expanded the functionality to additional users.

We reviewed the test scenarios prior to their use in the independent government test to evaluate whether the property system could capture the requisite data to track property from acquisition to disposal, depreciate the equipment, report the equipment, and maintain visibility of the equipment through hand receipts and periodic inventorying. Our assessment also addressed the addition of specific instructions into the scenarios to document and better support the test results.

The test scenarios adequately tested the functionality of the module and provided that sufficient test documentation was gathered to validate that the system functioned properly during testing. The Project Manager's adoption of the suggested action in Audit Report: A-2002-0352-FFG ensured documentation was adequate to support the test results. Testers fully documented the results of test scripts by including the following three key pieces of information in the form of screen prints:

- The contents of the database field before a transaction occurs.
- The details of the transaction tested.
- The contents of the database field after the transaction are posted.

We evaluated compliance through this documentation review and physical observation of the tests. The test scenarios provided more thorough documentation of the test results, adequately supported the results, and answered each of the applicable requirements. Testing is now complete on the Property Book and Unit Supply Enhanced System following the independent government test. We determined that the system was in compliance with the Federal Financial Management Improvement Act of 1996 and validated the Project Manager's statement of compliance.



## **ANNEXES**

## **AUDIT SCOPE AND METHODOLOGY**

We performed the audit:

- From September through November 2002.
- At Fort Hood, Texas.
- In accordance with generally accepted government auditing standards.

This audit was conducted as part of the U.S. Army Audit Agency's review and validation of The Army's implementation of the DOD Financial and Feeder System Compliance Process.

We reviewed the test scenarios and the independent government test results to determine compliance with applicable financial functional requirements. This review of the Property Book and Unit Supply Enhanced System used the same scenarios previously tested in Audit Reports: A-2002-0352-FFG and A-2002-0485-FFG. However, this review performed these scenarios within the new build, version 3.4.1.

The audit covered transactions representative of operations current at the time of the audit. Current property book officers performed the software qualification test, including the review of the financial functional requirements. To determine if the Property Book and Unit Supply Enhanced System met the 75 applicable financial functional requirements in the Improvement Program and the Blue Book, we compared the actual test results to anticipated results to ensure all necessary functionality was operating as designed. Annex C shows the requirements and corresponding scenarios.

This review of the Property Book and Unit Supply Enhanced System did not cover system controls such as entity-wide security, access and application controls, application development and change control, system software, segregation of duties, and continuity of service. However, Information Systems Command (INSCOM) executed scenarios associated with these system controls identified above. We reviewed the results of these tests and determined that the system met the applicable security requirements. Additional audit work will need to be conducted following the Federal Information System Controls Audit Manual (FISCAM) to ensure that these system controls are adequate and financial data reported from this critical feeder system is reliable prior to the auditors giving an unqualified opinion on the financial statements.

## PROJECT MANAGER'S STATEMENT OF COMPLIANCE



REPLY TO  
ATTENTION OF

DEPARTMENT OF THE ARMY  
PROGRAM EXECUTIVE OFFICE  
ENTERPRISE INFORMATION SYSTEMS  
PROJECT MANAGER  
LOGISTICS INFORMATION SYSTEMS  
800 LEE AVENUE  
FORT LEE, VIRGINIA 23801-1718

SFAE-PS-RS

MAR 6 2003

## MEMORANDUM THRU

Program Executive Officer, Enterprise Information Systems, ATTN: SFAE-PS (Mr. Kevin Carroll), 9350 Hall Road, Suite 141, Fort Belvoir, VA 22060-5526  
Director of Sustainment, ATTN: DALO-SMZ (BG Waterman), Room 1E360, Washington, DC 20310-5000

FOR Office of the Assistant Secretary for Financial Management and Comptroller, ATTN: SAFM-ZB (Mr. Earnest Gregory), 109 Army Pentagon, Room 3E324, Washington, DC 20310-0109

SUBJECT: Federal Financial Management Improvement Act (FFMIA) Certification for the Property Book and Unit Supply Enhanced (PBUSE)

## 1. References:

- a. Audit of the Supply Property Module Software Qualification and Acceptance Tests (Project Code: A-2002-FFG-0146.000), Audit Report: A-2002-0352-FFG dated, 14 May 02.
- b. Follow-up of Issues Reported in the Audit of the Property Book and Unit Supply Enhanced (PBUSE) Assignment number A-202-0352-FFG 3 July 02.
- c. Property Management System Requirements Test Results, undated.


2. The purpose of this memorandum is to request your assistance in obtaining Federal Financial Management Improvement Act (FFMIA) of 1996 certification, of which in part provides approval authority to replace the Defense Property Accounting System (DPAS) with PBUSE.

3. During the entire development process of PBUSE, the Army Audit Agency participated, ensuring that the proper requirements were recognized and coded and then tested.

4. I certify that PBUSE is Federal Financial Management Improvement Act (FFMIA) compliant, as indicated in reference 1b, paragraph 4.

3 Encl

1. AAA Memo, 14 May 02
2. AAA Memo, 3 Jul 02
3. Prop. Mgmt Sys Req Test Results

  
STEPHEN E. BROUGHALL, JR.  
COL, QM  
PM LIS

## PROPERTY BOOK AND UNIT SUPPLY ENHANCED SYSTEM REQUIREMENTS TEST RESULTS

	<b>Financial Functional Requirement and Comments</b>	<b>August Test Results 2001</b>	<b>December Test Results 2001</b>	<b>September Test Results 2002</b>	<b>Test Scenario Identification Number</b>	<b>SPR Module Requirement Number</b>
<b>Requirement 1</b>	The property system should categorize PP&E assets as: general PP&E, Federal mission PP&E, heritage assets, or stewardship land (for example, land not included in general PP&E).	Pass	Pass	Pass	SPR-E9	80-0018
<b>AAA Conclusion</b>	The PBUSE system allowed property book officers to categorize property as either general PP&E or Federal mission PP&E. The Army has not yet defined installation-wide or museum heritage assets; however, the PBUSE system can classify heritage assets that an individual unit owns into this category. The module was not designed to handle stewardship land.					
<b>Requirement 2</b>	The property system must identify capitalization criteria and allow authorized users to revise the capitalization criteria, including changing dollar limits and the useful life of assets by asset category.	Pass	Pass	Pass	SPR-E9	80-0019
<b>AAA Conclusion</b>	The PBUSE system maintained the capitalization threshold of \$100,000 and prevented property book officers from changing the capitalization criteria. This test scenario did not determine whether the authorized user, Logistics Support Activity, could make the required changes to the capitalization criteria; however, tests for Requirement 17 illustrated that the LIDB could be changed by the Logistics Support Activity.					
<b>Requirement 3</b>	The property system must provide balances or detailed data to the general ledger property account and related accounts (such as accumulated depreciation).	Pass	Pass	Pass	SPR-E10	80-0020
<b>AAA Conclusion</b>	The PBUSE system provided both balances and details on the report "CFO Compliance Reporting". The PBUSE system calculated the detailed data necessary to determine the total cost and the accumulated depreciation of individual pieces of property. The PBUSE system is designed to interface with the LIDB (Logistics Integrated Database), which maintains the property database, and is used by Logistics Support Activity to transfer the necessary data for the financial statement reports.					

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<b>Requirement 4</b>	The property system must generate journal entries for adjustments to the acquisition value of PP&E assets based on transportation charges or other costs incurred to place the asset into operation.					
<b>AAA Conclusion</b>	The PBUSE system does not make general journal entries; rather the module maintains the data required to make journal entries for adjustments to asset values. The acquisition value that is reported by the property book officers includes transportation and any other costs required to place the asset into operation. The audit trail shows clearly the action taken including the 'changed from' and 'changed to' values.	Pass	Pass	Pass	SPR-E12	80-0021
<b>Requirement 5</b>	The property system files must contain such vital information as equipment description, date of acquisition, original cost, estimated life, location, depreciation data, and accumulated repair costs.	Pass	Pass	Pass	SPR-E9	80-0022
<b>AAA Conclusion</b>	The PBUSE system contains the necessary data fields such as description, date of acquisition, cost, estimated life, location, depreciation, and repair data.					
<b>Requirement 6</b>	The property system must quantify heritage assets in terms of physical units (for example, the number of items in a collection or the number of national parks).	Pass	Pass	Pass	SPR-E6	80-0008
<b>AAA Conclusion</b>	The PBUSE system accounts for the heritage assets that are owned by individual units. However, it does not account for the installation or museum heritage assets.					
<b>Requirement 7</b>	The property system must record all general PP&E assets at cost. The cost shall include all costs incurred to bring the PP&E to a form and location for its intended use.	Pass	Pass	Pass	SPR-E13	80-0023
<b>AAA Conclusion</b>	The PBUSE system has one field, the acquisition value field that is used by Property Book Officers to record both original acquisition cost, transportation and any other costs required to place the asset into operation. Property Book Officers will need to manually compute the total cost and enter this amount into the system. Property with an estimated acquisition date and cost will use the standard catalog prices. However, these amounts can be adjusted using the asset adjustment screen.					
<b>Requirement 8</b>	The property system must generate the journal entries, or the data required for the journal entries, to record acquisition of PP&E upon its receipt.	Pass	Pass	Pass	SPR-E13	80-0024
<b>AAA Conclusion</b>	The PBUSE system recorded locally purchased items at the actual acquisition value. The data required to record the acquisition of major end items will be supplied by the wholesale level system. Plant assets are not included in this system. The PBUSE system only generated the required data not the actual general journal entries.					

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<b>Requirement 9</b>	The property system must be able to record general PP&E acquired through donation, devise (a will), or judicial process (excluding forfeiture) at the estimated fair market value at the time it is acquired by the government.					
<b>AAA Conclusion</b>	This requirement failed the first test. However, for the second test, the PBUSE system handled the receipt of property acquired through donation, devise or judicial process as an asset adjustment with the necessary comments added in the remarks block.	Fail	Pass	Pass	SPR-E15	80-0025
<b>Requirement 10</b>	The property system must record items transferred from other federal entities at the costs recorded by the transferring entity, net of accumulated depreciation or amortization (for example, book values). If the receiving entity cannot reasonably ascertain those amounts the costs of the PP&E shall be the fair market value at the time they are transferred.					
<b>AAA Conclusion</b>	The PBUSE system successfully recorded costs transferred from other property activities at book value using the lateral transfer process. When the cost of transferred property, plant and equipment cannot be reasonably ascertained, the value of the property is recorded at the standard catalog price, which the PBUSE system uses as the fair market value.	Pass	Pass	Pass	SPR-E14	80-0026
<b>Requirement 11</b>	The following conditions apply when determining at what cost general PP&E assets must be recorded: (1) the property system must record the cost of general PP&E acquired through exchange at the fair market value of the PP&E surrendered at the time of exchange, (2) if the fair market value of the PP&E acquired is more readily determinable than that of the PP&E surrendered, then the cost shall be the fair market value of the PP&E acquired, (3) if neither fair market is determinable, then the cost of the PP&E acquired shall be the cost recorded for the PP&E surrendered net of any accumulated depreciation or amortization, (4) any difference between the net recorded amount of the PP&E surrendered and the cost of the PP&E acquired shall be recognized as a gain or loss, (5) in the event that cash consideration is given in the exchange, the cost of general PP&E acquired shall be increased by the amount of cash consideration surrendered, or decreased by the amount of cash consideration received.					
<b>AAA Conclusion</b>	The PBUSE system records and maintains actual acquisition costs for property where records exist. For those pieces of equipment without a recorded acquisition cost, the system will use the standard catalog price, which is a reasonable representation of the fair market value.	Pass	Pass	Pass	SPR-E13	80-0023

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<b>Requirement 12</b>	The property system must record PP&E when the title passes to the acquiring party or when the PP&E is delivered to the entity or to an agent of the entity. In the case of constructed PP&E, it shall be recorded as construction in progress until it is placed in service, at which time the balance shall be transferred to general PP&E.					
<b>AAA Conclusion</b>	The system records changes in property values when items are either added to or deleted from the property book by completing a receiving report. Items that are in transit are shown as in transit for the losing UIC and due in for the gaining UIC, but remains reportable by the losing UIC until a receipt is posted in the system by the gaining UIC. Posting the receipt in PBUSE eliminates the due in. The property system does not account for constructed PP&E.	Pass	Pass	Pass	SPR-E13	80-0024
<b>Requirement 13</b>	If historical cost information for existing general PP&E has not been maintained, the property system must record the assets at estimated valuations. Estimates shall be based on: (1) the costs of similar assets at the time of acquisition, or (2) the current costs of similar assets discounted for inflation since the time of acquisition (for example, by deflating current costs to costs at the time of acquisition by the general price index).					
<b>AAA Conclusion</b>	In the first test, the PBUSE system did not allow users to input the estimated valuation at time of acquisition. In the second test, the PBUSE system allowed users to enter estimated values. The system is not designed to allow discounting current costs to reflect estimated historical costs because estimates are based on the costs of similar assets at time of acquisition (the standard catalog price).	Fail	Pass	Pass	SPR-E15	80-0027
<b>Requirement 14</b>	The property system, when recording existing general PP&E, must credit the difference in the amounts added to asset and contra-asset accounts to the Net Position of the entity. (The amount of the adjustment shall be shown as a "prior period adjustment" in the Statement of Changes in Net Position.)					
<b>AAA Conclusion</b>	This requirement was deleted because the PBUSE system does not make general journal entries; rather the module maintains the data required to make journal entries. The SPR records the cost as an asset and the accumulated depreciation as a contra-asset; however, the PBUSE system doesn't perform the financial calculation of the prior period adjustment. A future finance and accounting system will have to perform this function, based on the data provided from the PBUSE system. Because the module couldn't be tested against this requirement, the requirement was deleted.	Deleted	Deleted	Deleted	SPR-E16	80-0028

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<b>Requirement 15</b>	The property system must be able to record an in-transit transaction for purchased property, which has not yet been received. The system must reverse the in-transit transaction when the property is received and is recorded in the property system.					
<b>AAA Conclusion</b>	The PBUSE system tracks property purchased but not yet received, by assigning a TCN. We observed that the system correctly recorded property purchased but not received as a due-in. However, the initial test scenario did not validate the ability of the module to reverse in-transit transactions upon the receipt of a due-in transaction. The test scenario was re-written for the September test. Upon receipt of the property, the system correctly shows the quantity due in as zero and the TCN is no longer active within the system.	Not Tested	Not Tested	Pass	SPR-E43	80-0005
<b>Requirement 16</b>	The property system must create journal entries, or the data required for journal entries, to record PP&E assets acquired through nonreciprocal or reciprocal transfers.					
<b>AAA Conclusion</b>	The PBUSE system contains the data necessary to record property acquired through transfer, but does not create the requisite journal entry. Nonreciprocal and reciprocal transfers are made at book value.	Pass	Pass	Pass	SPR-E14	80-0026
<b>Requirement 17</b>	The property system must allow authorized users to revalue general PP&E assets and to specify formulas to use in revaluing assets, when revaluation criteria are met.					
<b>AAA Conclusion</b>	The system only allows the authorized users, Logistics Support Activity, to change the Logistics Integrated Database that contains this information. We observed individuals acting as LOGSA make changes to the LIDB table.	Pass	Pass	Pass	SPR-E32	80-0041
<b>Requirement 18</b>	The property system must generate the journal entries, or the data required for journal entries, for recording changes in the valuation of general PP&E, as well as any resulting gains/losses.					
<b>AAA Conclusion</b>	The PBUSE system maintains changes in valuation of assets in the database history table, which shows all transactions affecting an individual piece of equipment. Gain and loss computations will either be computed in the core financial system or by the DRMO.	Pass	Pass	Pass	SPR-E12	80-0021



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<b>Requirement 19</b>	The property system must record depreciation expenses on all general PP&E, except land and land rights of unlimited duration. (Various methods can be used to compute periodic depreciation expense so long as the method is systematic, rational, and best reflects the use of the PP&E. Any changes in estimated life or salvage/residual value must be treated prospectively. The change must be accounted for in the period of the change and in future periods. No adjustments should be made to previously recorded depreciation or amortization.)	Pass	Pass	Pass	SPR-E7	80-0029
<b>AAA Conclusion</b>	The PBUSE system recorded depreciation on general PP&E using the straight line, mid-year convention method in accordance with Army policy. The PBUSE system successfully made changes to future periods when estimated life or salvage value changed. Additional details on changes in estimated life or salvage value are in requirements 27, 28 and 29.					
<b>Requirement 20</b>	The property system must be able to record the estimated useful life of an asset for depreciation purposes based on DOD experience with similar assets. However, in no case shall the initially estimated useful life exceed 40 years.	Pass	Pass	Pass	SPR-E17	80-0030
<b>AAA Conclusion</b>	The PBUSE system recorded the useful life of property, plant and equipment, not to exceed 40 years. Generally using the DOD estimated life table for the various categories of equipment, which is usually 5 years.					
<b>Requirement 21</b>	The property system should calculate depreciation/amortization (where applicable) by using one of the following methods, as appropriate: straight line, physical usage, sum-of-the-years-digits, declining balance, or double declining balance.	Pass	Pass	Pass	SPR-E18	80-0031
<b>AAA Conclusion</b>	The PBUSE system correctly calculated depreciation using the straight-line method, the only method allowed by The Army. The tester, and The Army Audit representative, verified that the calculations were correct.					
<b>Requirement 22</b>	The property system must accumulate depreciation expense in a contra asset account: accumulated depreciation. It must also accumulate amortization expense in a contra asset account: accumulated amortization.	Pass	Pass	Pass	SPR-E16	80-0032
<b>AAA Conclusion</b>	The PBUSE system tracks total accumulated depreciation in a separate data field. Accumulated depreciation is shown for each piece of equipment. The PBUSE system is not designed to handle amortization expense or the write-down of amortized assets, since the module doesn't account for intangible assets.					

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<b>Requirement 23</b>	The property system should stop depreciating general PP&E assets that have been removed from the general PP&E account in anticipation of disposal, retirement, or removal from service.					
<b>AAA Conclusion</b>	The PBUSE system stops accruing depreciation when a piece of equipment is disposed, retired, or removed from service because the item is no longer accounted for in the PBUSE system. However, the audit trail maintains the accumulated depreciation based on the serial number so that if the equipment is reissued to another unit the accumulated depreciation is reported with the cost of the equipment.	Pass	Pass	Pass	SPR-E6	40-1020 80-0008
<b>Requirement 24</b>	The property system should record accumulated depreciation/amortization based on the estimated cost and the number of years the general PP&E has been in use relative to its estimated useful life. Alternatively, the asset may be recorded at its estimated net remaining cost and any depreciation/amortization charged over the remaining life will be based on that net remaining cost. (This standard applies to general PP&E for which estimates of costs are recorded - historical cost has not been maintained.)	Pass	Pass	Pass	SPR-E16	80-0033
<b>AAA Conclusion</b>	The PBUSE system correctly computed the initial accumulated depreciation amount. When the historical data was converted over to the PBUSE system database, accumulated depreciation was initially calculated based on the difference between the date the property was placed into service and the DOD estimated useful life.					
<b>Requirement 25</b>	The property system must specify the depreciation method based on asset group, class, and category.					
<b>AAA Conclusion</b>	The PBUSE system uses the only Army approved depreciation method - straight line with midyear convention. Because only one method is approved individual item specification is not necessary, although it is shown on the initial CFO screen.	Pass	Pass	Pass	SPR-E18	80-0034
<b>Requirement 26</b>	The property system must generate journal entries for depreciation expense, accumulated depreciation, amortization expense, and the write-down of amortized assets.					
<b>AAA Conclusion</b>	The PBUSE system correctly generated the data necessary for depreciation expense and accumulated depreciation and passed this information through to the financial system for journal entries. The PBUSE system is not designed to handle amortization expense or the write-down of amortized assets, since the module doesn't account for intangible assets.	Pass	Pass	Pass	SPR-E16	80-0035

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<b>Requirement 27</b>	The property system must calculate revised depreciation if the useful life is later determined to be shorter than originally estimated. This should be done by recognizing as a current expense, the difference between what should have been recognized and what was recognized, and adjusting future depreciation expenses based on the revised useful life of the asset.	Pass	Pass	Pass	SPR-E22	80-0036
<b>AAA Conclusion</b>	The PBUSE system correctly recalculated the revised depreciation when the depreciable life changed to a period shorter than originally estimated. The tester, and The Army Audit representative, verified that the calculations were correct.					
<b>Requirement 28</b>	The property system must calculate revised depreciation if the useful life is later determined to be longer than originally estimated. This should be done by recognizing future years depreciation as a function of the asset's book and estimated life value of the time of estimated life evaluation and the updated estimated life.	Pass	Pass	Pass	SPR-E22	80-0037
<b>AAA Conclusion</b>	The PBUSE system correctly recalculated the revised depreciation when the depreciable life changed to a period longer than originally estimated. The tester, and The Army Audit representative, verified that the calculations were correct.					
<b>Requirement 29</b>	When revisions to initial estimates of life or residual value are made, the property system should change only future period depreciation calculations (no prior period adjustments).	Pass	Pass	Pass	SPR-E22	80-0038
<b>AAA Conclusion</b>	The PBUSE system correctly applied changes in useful life only to future periods. The tester, and The Army Audit representative, verified that the calculations were correct.					
<b>Requirement 30</b>	The property system must be able to generate journal entries, or data for such entries, for depreciation expense and accumulated depreciation related to a shorter revised estimated life.	Pass	Pass	Pass	SPR-E22	80-0039
<b>AAA Conclusion</b>	The PBUSE system correctly recalculated the revised depreciation when the depreciable life changed to a period shorter than originally estimated. The tester, and The Army Audit representative, verified that the calculations were correct.					
<b>Requirement 31</b>	The property system must maintain subsidiary accounts for accumulated depreciation on the equipment that corresponds to those accounts.	Pass	Pass	Pass	SPR-E31	80-0040
<b>AAA Conclusion</b>	The PBUSE system does not maintain a subsidiary ledger; however, the module does maintain accumulated depreciation. Depreciation expense and accumulated depreciation are both maintained in the database for reportable property only.					

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<b>Requirement 32</b>	The property system should be able to calculate depreciation for donated assets (assets procured from an appropriation other than the user's appropriation).					
<b>AAA Conclusion</b>	This requirement failed the first test. However, in the second test, the PBUSE system records the receipt of donated property; therefore the module is able to correctly calculate depreciation expense and accumulated depreciation for the individual piece of equipment.	Fail	Pass	Pass	SPR-E15	80-0025
<b>Requirement 33</b>	The property system must record, and allow authorized users to change, the estimated useful life of an asset, the date it was placed in operation, the depreciation method used, and the estimated salvage value.					
<b>AAA Conclusion</b>	Testers could not record and change information. The PBUSE system thereby passed this requirement by not allowing the user to make these changes. The system only allows the authorized user, Logistics Support Activity, to change the LIDB that contains this information. We observed individuals acting as LOGSA make changes to the LIDB table. We then observed depreciation results affected by the change in useful life, date placed in service, and change in the estimated salvage value after database was advanced 1 ear.	Pass	Pass	Pass	SPR-E32	80-0041
<b>Requirement 34</b>	The property system must remove general PP&E assets from the asset accounts along with associated accumulated depreciation/amortization in the period of disposal, retirement, or removal from service. Any difference between the capitalized value of the PP&E and amounts realized must be recognized as a gain or a loss in the period that the general PP&E is disposed of, retired, or removed from service.					
<b>AAA Conclusion</b>	The PBUSE system does not make general journal entries recognizing gains or losses; rather the module maintains the data required for other systems to compute the gain or loss. The PBUSE system correctly removed the asset and accumulated depreciation values for the property when the asset was disposed, retired, or removed from service.	Pass	Pass	Pass	SPR-E41	40-10210

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<b>Requirement 35</b>	The property system must not capitalize any of the costs for heritage assets acquired through donation or devise. The assets' fair market values, if known and material, shall be disclosed in notes to the Statement of Net Cost in the year received. If the fair market value is not known or cannot be reasonably estimated, information related to the type and quantity of the assets received shall be disclosed.	Fail	Pass	Pass	SPR-E15	80-0027
<b>AAA Conclusion</b>	This requirement failed the first test. However, in the second test, the PBUSE system allowed users to enter the estimated value of property for the heritage assets that are owned by individual units (not the installation or museum heritage assets that are accounted for in another system). These items were not depreciated, only reported along with the type and quantity of the assets.					
<b>Requirement 36</b>	Record beginning balances, acquisitions, withdrawals, and calculate ending balances expressed in values and physical units, except for heritage assets and stewardship land for which all end of period balance are expressed in physical units only.	Pass	Pass	Pass	SPR-E6	80-0008
<b>AAA Conclusion</b>	The PBUSE system properly recorded and displayed the balance information. Heritage and NDE assets are only reported by physical units.					
<b>Requirement 37</b>	Provide edits (controls) to prevent duplication and reduce the likelihood of creating erroneous property documents/records to ensure the integrity of data recorded in the system.	Pass	Pass	Pass	SPR-E42	10-1365
<b>AAA Conclusion</b>	We observed that the PBUSE system satisfies this requirement by internally assigning document numbers, which are linked with a serial number. These two unique pieces of information create a record number that prevents duplicate document numbers.					
<b>Requirement 38</b>	Permit only authorized users to enter, modify, or otherwise alter property records.	Not Tested	Not Tested	Pass	SPR-H01	25-1006
<b>AAA Conclusion</b>	The PBUSE system correctly required a valid user identification and password for entry. Permissions were granted to each user to allow permissions, such as full control, modifications, read and execute, read only, write only, and list folder contents. These permissions are required before the user can modify and otherwise alter the property records.					
<b>Requirement 39</b>	Provide an audit trail of all entries to a property record, including the identification of the individual(s) entering or approving the information and/or data.	Not Tested	Not Tested	Pass	SPR-H02	25-1039
<b>AAA Conclusion</b>	The PBUSE system correctly ensured that account logon events, audit object access, and audit system events were monitored.					

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<b>Requirement 40</b>	Identify the type of transaction affecting the property item, for example: initial acquisition, change in location, and disposal.					
<b>AAA Conclusion</b>	The PBUSE system correctly produces History Transaction Reports that include changes in value and location. The History Transaction Report and the audit trail details all of the changes to the value and location of an individual piece of equipment, including initial acquisition, improvements, annual depreciation, disposal and change in hand receipt holder.	Pass	Pass	Pass	SPR-E6	80-0008
<b>Requirement 41</b>	Incorporate adequate security features that prevent unauthorized access to the property system by unauthorized individuals.	Not Tested	Not Tested	Pass	SPR-H01	25-1006
<b>AAA Conclusion</b>	The PBUSE system did not allow the login screen to be bypassed. Users can only access the system with a valid identification and password.					
<b>Requirement 42</b>	Enable the transfer of responsibility for property from one authorized manager to another authorized manager.	Pass	Pass	Pass	SPR-E04	40-10050
<b>AAA Conclusion</b>	The PBUSE system successfully recorded property transferred from other activities at book value using the lateral transfer process. Transfers at fair market value were previously discussed.					
<b>Requirement 43</b>	Produce reports in accordance with user defined criteria. Such reports may: (1) Provide property information to allow appropriate users to conduct an inventory of current holdings or any subset of those holdings at any time, or	Pass	Pass	Pass	SPR-E11	80-0002
<b>AAA Conclusion</b>	The PBUSE system allowed users to print reports that will allow the user to conduct a complete inventory or a portion of a complete inventory.					
<b>Requirement 44</b>	(2) Allow a user to access both summary and more detailed data.	Pass	Pass	Pass	SPR-E11	80-0002
<b>AAA Conclusion</b>	The PBUSE system allows authorized AKO users to access both levels of data, the summary (Army or MACOM level data) and the detail (the unit level).					
<b>Requirement 45</b>	Create a skeletal property record or other mechanism for capturing information on property in-transit from the providing entity (for example: vendor, donator, loaner, and grantor). The skeletal property record or other mechanism is required only for property for which the government has taken title. For example, the skeletal property record or other mechanism may identify the following on newly acquired property: Name and address of the shipper/vendor.	Pass	Pass	Pass	SPR-E43	80-0005
<b>AAA Conclusion</b>	The PBUSE system correctly recorded the name and address of the shipper. Property that is in-transit in the system is recorded in the system as due in. Once the property is received, the due-in transaction is closed and the property is entered into the database records, this includes the name and address of the shipper or vendor.					

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<b>Requirement 46</b>	Estimated date of delivery.					
<b>AAA Conclusion</b>	The PBUSE system correctly recorded the name and address of the shipper. Property that is in-transit in the system is recorded in the system as due in. Once the property is received, the due-in transaction is closed and the property is entered into the database records, this includes the estimated date of delivery.	Pass	Pass	Pass	SPR-E43	80-0005
<b>Requirement 47</b>	Shipping address ("ship to" address).					
<b>AAA Conclusion</b>	The PBUSE system correctly recorded the name and address of the shipper.	Pass	Pass	Pass	SPR-E43	80-0005
<b>Requirement 48</b>	Item identification (for example: nomenclature, quantity, description, year of manufacture, make/model/serial number, Federal stock classification/national stock number).					
<b>AAA Conclusion</b>	The PBUSE system correctly recorded the item identification (for example: nomenclature, quantity, description, year of manufacture, make/model/serial number, Federal stock classification/National Stock Number).	Pass	Pass	Pass	SPR-E43	80-0005
<b>Requirement 49</b>	Requisition information (for example: contract/purchase order, or other requisition document number; name and address of requisitioning organization)					
<b>AAA Conclusion</b>	The PBUSE system correctly recorded the requisition information (for example: contract/purchase order, or other requisition document number; name and address of requisitioning organization).	Pass	Pass	Pass	SPR-E43	80-0005
<b>Requirement 50</b>	Order date					
<b>AAA Conclusion</b>	The PBUSE system correctly recorded the order date.	Pass	Pass	Pass	SPR-E43	80-0005
<b>Requirement 51</b>	Complete the skeletal property record, or create a property record for items with no skeletal property record, upon assuming possession of the item, placing the real property asset in service, or initiation of real estate instrument/grant.					
<b>AAA Conclusion</b>	The PBUSE system completes the skeletal record for general equipment used by tactical units. The PBUSE system does not account for real property.	Pass	Pass	Pass	SPR-E43	80-0005
<b>Requirement 52</b>	Capture the method of acquiring each property item or bulk property item (for example: direct purchase, completed work-in-progress, capital lease, donation, non-reciprocal transfer or reciprocal transfer), and the date of acquisition.					
<b>AAA Conclusion</b>	The PBUSE system captures the acquisition method for each piece of property during the receipt process, which records property and equipment upon receipt.	Pass	Pass	Pass	SPR-E13	80-0024

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<b>Requirement 53</b>	For capitalized property and stewardship assets: Classify PP&E by asset type (for example: general, heritage, stewardship land, and national defense).					
<b>AAA Conclusion</b>	The PBUSE system correctly capitalized property in the system. General and national defense assets are identified by stock number. Heritage assets are further classified as archival, artwork, or historical artifact. The PBUSE system does not account for stewardship land.	Pass	Pass	Pass	SPR-E9	80-0018
<b>Requirement 54</b>	For capitalized property and stewardship assets: Capture changes in quantities, including unit of measure, where applicable, for beginning balance adjustments, additions and deletions, and compute ending balances by asset category.					
<b>AAA Conclusion</b>	The PBUSE system correctly determined quantities and units of measure. Changes in quantities are handled as regular additions and deletions to the system with the appropriate transaction date. Changes in unit measure are not allowed since the system tracks equipment on individual asset basis.	Pass	Pass	Pass	SPR-E6	80-0008
<b>Requirement 55</b>	For capitalized property and stewardship assets: Provide an audit trail for all adjustments to quantities and units.					
<b>AAA Conclusion</b>	The PBUSE system maintains a record of transactions affecting individual pieces of equipment including adjustments to quantities and units. This information will remain available for at least 5 years. Historical data may not be available, as the legacy system does not maintain this information.	Pass	Pass	Pass	SPR-E6	80-0008
<b>Requirement 56</b>	For capitalized property and stewardship assets: Capture the acquisition cost of an asset and any changes in the valuation, where applicable to reporting purposes.	Pass	Pass	Pass	SPR-E9	80-0022
<b>AAA Conclusion</b>	The PBUSE system correctly captured the acquisition cost of assets in the acquisition cost field.					
<b>Requirement 57</b>	For capitalized property only: Capture the estimated value of donated assets.					
<b>AAA Conclusion</b>	This requirement failed the first test. However, for the second test, the PBUSE system handled the recipient of property acquired through donation, devise, or judicial process as an asset adjustment with the necessary comments added in the remarks block.	Fail	Pass	Pass	SPR-E15	80-0025
<b>Requirement 58</b>	For capitalized property only: Provide an audit trail for all adjustments to property values.					
<b>AAA Conclusion</b>	The PBUSE system maintains a record of transactions affecting individual pieces of equipment including adjustments to property values. This information will remain available for at least 5 years.	Pass	Pass	Pass	SPR-E6	80-0008



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<b>Requirement 59</b>	Capture the estimated useful life, depreciation/amortization/depletion method, and salvage/residual value for each asset or group of assets, when applicable.					
<b>AAA Conclusion</b>	The PBUSE system provides the necessary depreciation information. DOD requires that all general plant, property, and equipment have a 5 year estimated useful life and a 0 residual value. The depreciation method, straight line, is shown on the depreciation report.	Pass	Pass	Pass	SPR-E17	80-0030
<b>Requirement 60</b>	Calculate depreciation/amortization/depletion based on a management prescribed method (for example, straight line, physical usage) and the net book value of capitalized assets.					
<b>AAA Conclusion</b>	The PBUSE system correctly computes depreciation expense on general equipment. Amortization is not computed since the system doesn't account for intangible assets.	Pass	Pass	Pass	SPR-E18	80-0031
<b>Requirement 61</b>	Accumulate amortization, depletion, and depreciation expense.					
<b>AAA Conclusion</b>	The PBUSE system correctly computed accumulated depreciation on general equipment. Amortization and depletion expenses relate to intangible assets and natural resources, which are not accounted for in this system, were not tested.	Pass	Pass	Pass	SPR-E7	34-14838
<b>Requirement 62</b>	Provide an audit trail for amortization, depletion, and depreciation expense.					
<b>AAA Conclusion</b>	The PBUSE system maintains a record of transactions affecting individual pieces of equipment including depreciation expense. Amortization and depletion expenses relate to intangible assets and natural resources, which are not accounted for in this system, were not tested. This information will remain available for at least 5 years. Historical data may not be available, as the legacy system does not maintain this information.	Pass	Pass	Pass	SPR-E6	80-0008
<b>Requirement 63</b>	Allow authorized users system access to change the estimated useful life of an asset, the depreciation method, and estimated salvage value, and make adjustments to PP&E asset and contra asset accounts on an exception basis.					
<b>AAA Conclusion</b>	The PBUSE system successfully allowed a user to change the useful life of a piece of general equipment. Changes to the depreciation method and the estimate salvage (residual) value are not allowed, since DOD only recognizes the straight-line method with a zero salvage value.	Pass	Pass	Pass	SPR-E40	34-14088
<b>Requirement 64</b>	Identify excess property or property held for disposal/retirement.					
<b>AAA Conclusion</b>	The PBUSE system retains accountability of property until disposition instructions are received from the wholesale level. The wholesale level will identify excess property and property held for disposal and retirement.	Pass	Pass	Pass	SPR-E41	40-10210

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<b>Requirement 65</b>	Transfer property record data to the property disposal organization or receiving entity. Capture date of transfer, transferring entity, and recipient organization (disposal organization or recipient entity).	Pass	Pass	Pass	SPR-E41	40-10210
<b>AAA Conclusion</b>	The PBUSE system transferred the property record data to the disposal agency or the recipient entity. In some instances, this may be through a screen print or a paper report.					
<b>Requirement 66</b>	Capture all essential information related to excess property and disposal as required by FMR 102-36 for applicable agencies.	Pass	Pass	Pass	SPR-E41	40-10210
<b>AAA Conclusion</b>	The PBUSE system retains information on transfer of property to either the disposal organization or a recipient entity in the database.					
<b>Requirement 67</b>	Maintain an audit trail of transfer, disposal, and retirement actions.	Pass	Pass	Pass	SPR-E6	80-0008
<b>AAA Conclusion</b>	The PBUSE system maintains a record of transactions affecting individual pieces of equipment including transfers, disposal, and retirement actions. This information will remain available for at least 5 years. Disposals and retirement actions will take place in the DRMO system.					
<b>Requirement 68</b>	Capture property identification number, which may be the item's serial number.	Pass	Pass	Pass	SPR-E42	10-1365
<b>AAA Conclusion</b>	The PBUSE system requires users to record unique serial numbers for each item. Linking the UIC and document number to an individual piece of equipment's serial number prevents duplicate documents.					
<b>Requirement 69</b>	Capture location.	Pass	Pass	Pass	SPR-E9	80-0022
<b>AAA Conclusion</b>	The PBUSE system correctly produces History Transaction Reports that include changes in value and location by UIC and hand receipt holder.					
<b>Requirement 70</b>	Capture the current user, for example, the agency, contractor, and grantee.	Pass	Pass	Pass	SPR-E9	80-0022
<b>AAA Conclusion</b>	The PBUSE system determines the current user by using the UIC and hand receipt holder. Property in the custody of contractors and grantees is not tracked in this system. Although we observed the testing of this requirement, the testers documenting the successful completion of this requirement retained no evidence.					
<b>Requirement 71</b>	Capture an item's current use status whether in use, in storage, or in-transit.	Pass	Pass	Pass	SPR-E9	80-0022
<b>AAA Conclusion</b>	The PBUSE system determines the current use of each piece of equipment by the UIC. UIC's for equipment concentration sites are the only property accounted for in the PBUSE system that are in storage. Once the property enters the equipment concentration site it is considered out of the units' control, and depreciation is stopped until it returns to a unit for use. In-transit property is designated as due in. All other property is considered in use.					

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<b>Requirement 72</b>	Capture identity of property custodian and/or the accountable organization.					
<b>AAA Conclusion</b>	The PBUSE system documented the property custodian in the UIC/hand receipt information screen. The testers documenting the successful completion of this requirement retained no evidence.	Pass	Pass	Pass	SPR-E9	80-0022
<b>Requirement 73</b>	Capture in-transit information to establish/maintain accountability and control over government property. (For example, name and address of the shipper/vendor, estimated date of delivery, shipping address, item identification, source information).					
<b>AAA Conclusion</b>	The PBUSE system assigns accountability of general equipment property when the property is received. Although we observed the testing of this requirement, the testers documenting the successful completion of this requirement retained no evidence.	Pass	Pass	Pass	SPR-E9	80-0022
<b>Requirement 74</b>	Distinguish between capitalized property and expensed property tracked in the property management system.					
<b>AAA Conclusion</b>	The PBUSE system correctly distinguishes between capitalized and expensed property based on the acquisition cost of individual inventory items. Items less than \$100,000 are expensed and not capitalized.	Pass	Pass	Pass	SPR-E9	80-0018
<b>Requirement 75</b>	For capitalized property only: Classify PP&E according to the Standard General Ledger Accounts (for example, buildings, land, equipment, assets under capital lease, and software).					
<b>AAA Conclusion</b>	The PBUSE system correctly classifies the various types of general equipment. Buildings, land, assets under capital lease and software are accounted for in other systems.	Pass	Pass	Pass	SPR-E33	80-0004
		Pass = 65	Pass = 70	Pass = 74		
		Fail = 5	Fail = 0	Fail = 0		
		Deleted = 1	Deleted = 1	Deleted = 1		
		Not Tested = 4	Not Tested = 4	Not Tested = 0		
		Total = 75	Total = 75	Total = 75		

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